



# Heron Resources Limited

## ASX Release

27 August 2014

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## Heron Resources Limited – Advancing towards Base Metal Production

Heron Resources Limited (ASX:HRR, TSX:HER) (“Heron” or the “Company”) is pleased to announce the adoption of the budget and strategy that will lead the Company to become a base metal producer through the advancement of the high grade Woodlawn Project, located in New South Wales, Australia.

### ASX:HRR/TSX:HER

Issued Shares	361M
Share Price	\$0.16
Market Cap	\$57.8M
Cash (30 June 2014)	\$32.9M
Investments	\$ 3.4M
Total C+I	\$36.3M

### Highlights:

- **Advancing Woodlawn – the first major steps for Heron post-merger**
- **Significant 4 month drilling program to commence immediately:**
  - 7,200m diamond and up to 5,000m RC drilling
  - Targeting resource expansion, geotechnical data and metallurgical sample material
  - Drilling contract awarded – expect to commence early September
- **Preliminary investigations and planning are under way to access the Underground Project**
- **Scoping Study / Preliminary Economic Assessment work has commenced on the Underground Project**
- **An optimisation study has commenced for the Tailings Retreatment Project flowsheet**
- **Supportive Market – zinc commodity price and market fundamentals strengthening**

Following the completion of the merger with TriAusMin Limited, the Company has immediately initiated the key activities that form the first steps in establishing the Woodlawn Project as a significant future producer of zinc, copper and lead concentrates.

These activities center on the advancement of the Woodlawn Underground Project with the aim of producing a feasibility study within an 18 month timeframe to facilitate project funding and construction.

## Woodlawn Project (Heron 100%)

### Background to the Project

The Woodlawn Project comprises the Woodlawn Underground Project (WUP), the Woodlawn Tailings Retreatment Project (WRP) and the Woodlawn Regional Exploration Project (WEP). The Company’s objective is to re-establish mining operations at Woodlawn and provide long life, sustainable mineral production.

The Woodlawn Underground Project involves the evaluation of re-establishing underground mining at Woodlawn. The former Woodlawn Mine historically processed 13.8 million tonnes at 9.1% zinc, 3.6% lead, 1.6% copper, 0.5 g/t gold, 74 g/t silver. The high-grade nature of this deposit and the demonstrated potential to re-establish mining operations makes this a high priority project. Drilling in early 2012 and 2013 at the WUP identified the new Kate and I2 Lenses and additional mineralisation 85-150 metres down-dip to the previously mined ore lenses which remains open at depth.

The Woodlawn Tailings Retreatment Project is expected to process approximately 11 million tonnes of tailings produced by the former Woodlawn Mine. Processing will produce separate zinc, copper and lead concentrates that contain by-product silver and gold. Previous work on the WRP considered a standalone project with a planned production rate of approximately 1.5 million tonnes per annum with an expected mine life of approximately 7.5 years. Significant metallurgical test work, engineering studies and project modeling has been completed and provides useful data to accelerate the work on the WUP. The co-development of



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the WUP & WRP is considered to be the best option to capture the benefits of capital and operating cost efficiencies and the operational flexibility provided by having two decoupled production sources.

On 4 July 2013, final project approval was granted covering both the WUP and the WRP from the NSW Department of Planning and Infrastructure ("DPI") under the Part 3A Major Projects of the NSW Environmental Planning and Assessment Act.

### **2014 Woodlawn Drilling Program**

The Woodlawn VMS system comprises some 12 massive sulphide lenses and numerous sub-lenses which form over three known horizons. These lenses are the focus of the planned new drilling program, aimed at delineating additional resources up and down dip in support of recommencing underground mining at Woodlawn. This program will include the testing of the new Kate Lens discovered in 2013 along with the application of further downhole EM surveying, the technique responsible for the discovery of the Kate Lens.

The Company has committed to a significant drilling program with an early September start date and expected completion in December 2014. The program will consist of up to 5,000 metres of shallow RC drilling, and 7,200 metres of diamond drilling with the program separated into four major components:

1. Shallow RC drilling to test the up-dip extension to known lenses
2. Mid-depth diamond drilling targeting Kate Lens and other western lenses
3. Limited deep drilling targeting I, I2, D and B Lenses
4. Geotechnical drilling for the box cut and access decline

The program will require the mobilisation of one RC rig and two diamond rigs. Additional contract geological resources have been identified to support the drilling activities and ensure rapid compilation of the collected data.

An integral part of the program will be the geotechnical logging of the core that will provide critical input data for the selection of appropriate mining methods to be applied to individual areas. A greater level of technical input early into the planning process is expected to deliver an improved approach to mining that will result in greater productivity and a significantly higher resource recovery than achieved historically.

This drilling program will also provide early access to diamond core from a number of the massive sulphide lenses enabling metallurgical testwork to be commenced on the WUP. The application of fine grinding technology, as contemplated for the WRP, has demonstrated significant improvements in metal recoveries compared to historical performance. It is anticipated that these recovery benefits will also be available to the WUP through this technology and the testwork will provide the initial steps in quantifying this improvement in metallurgical performance. The subsequent drill-out of the resources is expected to provide further sample material for a second and more detailed stage of testwork.

### **Underground Access**

The WUP contemplates accessing the former mine workings and utilising existing excavations and infrastructure with the aim of significantly reducing the underground capital investment and the time required to establish underground mine production. To gain access to the former mine workings from surface, a new entry point is required incorporating a box cut (small surface excavation to provide a hard rock exposure to tunnel into), a decline portal and decline of approximately 700 metres in length. Once the former workings have been accessed, the major existing access tunnels and infrastructure will be rehabilitated and re-supported for future use.



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A suitable location for this access point has been identified adjacent to the proposed processing plant site in Hickory's Paddock. The Company has commenced the preliminary activities required to be completed prior to commencing on ground development work. These activities include detailed design work on the box cut excavation and decline geotechnical investigation, along with the preparation of a number of operational management plans required as part of the project approval received from the NSW Department of Planning and Infrastructure. Additionally, the proposed work around the box cut and plant area will facilitate follow-up to historically recorded potential for footwall mineralisation in this area.

Following the completion of the drilling program and the detailed access planning work, the Company will then be in a position to make a decision to commence immediately to access and rehabilitate the underground should this provide the optimal step to progress the feasibility completion.

### ***Woodlawn Tailing Retreatment Project (WRP) Flowsheet Optimisation***

Prior to the merger with TriAusMin, due diligence work on the WRP undertaken by consultants retained by the Company identified the potential to improve the proposed flowsheet targeting higher metal recoveries. Representative material from Tailings Dam South (TDS) has been acquired and this test work has now commenced with an expected completion in the December quarter 2014. Any improvements to the metallurgical performance associated with the WRP are likely to have flow-on benefits for the WUP.

### ***Preliminary Economic Assessment (PEA)***

The drilling program, geotechnical data, metallurgical testwork and detailed access planning will provide critical input data for the compilation of a Preliminary Economic Assessment / Scoping Study (PEA) focused initially on the WUP. This whole-of-operation study will report on the technical and economic viability of the project and is a precursor to undertaking the full feasibility study.

The Mineral Resources that will form the basis of the projected mine production will comprise some of the existing Mineral Resources previously identified by TriAusMin together with expected resource expansion resulting from the 2012, 2013 and 2014 drilling programs.

The Company is targeting the end of March quarter 2015 to complete the PEA.

### ***Zinc Market***

Zinc and copper are the principal commodities that will be produced by the Woodlawn operation. In the case of zinc, the supply / demand market fundamentals have tightened and the consensus view of market commentators is a market that is in a supply deficit.

With the anticipated closure of a number of large zinc mines across the world over the next few years it is forecast that this supply deficit is likely to become more significant and thus underpin stronger prices.

In light of the improving market position, the Company's activities are focused on completing those programs that will permit the accelerated development of Woodlawn Project so that the Company and its shareholders can participate in the expected strong demand for this commodity.



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### About Heron Resources Limited:

Heron is engaged in the exploration and development of base and precious metal deposits in Australia. Heron's projects include the high grade Woodlawn Project located 250km southwest of Sydney, New South Wales, and the Kalgoorlie Nickel Project located north of Kalgoorlie, Western Australia. In addition the Company holds a number of other quality base metal and copper-gold exploration properties located in the Lachlan Fold Belt, New South Wales.

For further information, please visit [www.heronresources.com.au](http://www.heronresources.com.au) or contact:

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### CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This news release contains forward-looking statements and forward-looking information within the meaning of applicable Canadian securities laws, which are based on expectations, estimates and projections as of the date of this news release. This forward-looking information includes, or may be based upon, without limitation, estimates, forecasts and statements as to management's expectations with respect to, among other things, successful completion and implementation of the Scheme, including all requisite regulatory and court approvals, the generation of revenues by Heron, the timing and amount of funding required to execute Heron's exploration, development and business plans, capital and exploration expenditures, the effect on the Heron of any changes to existing legislation or policy, government regulation of mining operations, the length of time required to obtain permits, certifications and approvals, the success of exploration, development and mining activities, the geology of Heron's properties, environmental risks, the availability of labour, the focus of Heron in the future, demand and market outlook for precious metals and the prices thereof, progress in development of mineral properties, Heron's ability to raise funding privately or on a public market in the future, Heron's future growth, results of operations, performance, and business prospects and opportunities. Wherever possible, words such as "anticipate", "believe", "expect", "intend", "may" and similar expressions have been used to identify such forward-looking information. Forward-looking information is based on the opinions and estimates of management at the date the information is given, and on information available to management at such time. Forward-looking information involves significant risks, uncertainties, assumptions and other factors that could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking information. These factors, including, but not limited to, fluctuations in currency markets, fluctuations in commodity prices, the ability of Heron to access sufficient capital on favourable terms or at all, changes in national and local government legislation, taxation, controls, regulations, political or economic developments in Canada, Australia or other countries in which Heron does business or may carry on business in the future, operational or technical difficulties in connection with exploration or development activities, employee relations, the speculative nature of mineral exploration and development, obtaining necessary licenses and permits, diminishing quantities and grades of mineral reserves, contests over title to properties, especially title to undeveloped properties, the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drill results and other geological data, environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins and flooding, limitations of insurance coverage and the possibility of project cost overruns or unanticipated costs and expenses, and should be considered carefully. Many of these uncertainties and contingencies can affect Heron's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, Heron. Prospective investors should not place undue reliance on any forward-looking information. Although the forward-looking information contained in this news release is based upon what management believes, or believed at the time, to be reasonable assumptions, Heron cannot assure prospective purchasers that actual results will be consistent with such forward-looking information, as there may be other factors that cause results not to be as anticipated, estimated or intended, and Heron nor any other person assumes responsibility for the accuracy and completeness of any such forward-looking information. Heron does not undertake, and assumes no obligation, to update or revise any such forward-looking statements or forward-looking information contained herein to reflect new events or circumstances, except as may be required by law.

**No stock exchange, regulation services provider, securities commission or other regulatory authority has approved or disapproved the information contained in this news release.**